

Message Text

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70

ACTION EUR-25

INFO OCT-01 ISO-00 SPC-03 SAM-01 AID-20 EB-11 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 L-03 H-03 PA-04 PRS-01 USIA-15 AGR-20

FEA-02 SCI-06 INT-08 SAJ-01 DRC-01 /207 W

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R 141111Z FEB 74

FM AMEMBASSY MADRID

TO SECSTATE WASHDC 8141

INFO AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY LISBON

USMISSION USEC BRUSSELS

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TAGS: PINT EGEN SP

SUBJ: ECONOMIC ASPECTS OF PRESIDENT'S ADDRESS TO THE SPANISH
CORTES

REF: MADRID 1002

1. THE FOLLOWING IS AN INFORMAL TRANSLATION OF SECTION 14.
ECONOMIC DEVELOPMENT, FROM THE SPEECH OF CARLOS ARIAS NAVARRO,
PRESIDENT OF THE GOVERNMENT TO THE SPANISH CORTES FEB 12.

BEGIN TEXT: "THE ECONOMY IS IN A PLAN SUBORDINATED TO DEVELOP-
MENT. THE GOVERNMENT PROCLAIMS THAT THE ECONOMY IS A MEANS AND
NOT AN END. A MEANS WHICH, OF COURSE, MUST BE CONSERVED AND
STRENGTHENED SINCE WITHOUT ADEQUATE RESOURCES, THAT IS WITHOUT
A HEALTHY AND CAPABLE ECONOMY, THERE ARE NO ENDS POSSIBLE BUT
ONLY UTOPIAN ASPIRATIONS. BUT IT IS EQUALLY TRUE, ALTHOUGH
AT TIMES FORGOTTEN BY MANY MATERIALISTIC PHILOSOPHIES OF OUR
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TIMES, THAT WITHOUT TRANSCENDENTAL ENDS TO SERVE ECONOMIC

MEASURES ARE WORTH VERY LITTLE. IT IS EVIDENT THAT SPAIN HAS KNOWN HOW TO MOBILIZE UNDER THE FECUND PEACE OF FRANCO ITS CONSIDERABLE OPPORTUNITIES FOR PROGRESS. BEGINNING WITH THE PRINCIPAL ASSET OF ITS PEOPLE, THE BETTERMENT OF THE COUNTRY HAS BEEN CONVERTED TO AN ARDENT NATIONAL EFFORT WHICH HAS FORTIFIED THE BASES OF ITS ECONOMY, PLACING ITS PRODUCTION IN THE LEADING GROUP OF THE 12 PRINCIPAL INDUSTRIAL ECONOMIES OF THE WORLD. THAT IMPROVEMENT AND STRENGTHENING OF THE SPANISH ECONOMY SHOULD CONTINUE IN THE COMING YEARS SINCE IT CONSTITUTES THE PRECISE CAPITAL TO ENSURE THE SOCIAL PROGRESS OF THE COUNTRY.

TO ACHIEVE CONTINUOUS ECONOMIC PROGRESS OPEN TO PARTICIPATION BY ALL AND INTERNATIONALLY COMPETITIVE, CONSTITUTES AN AMBITIOUS PROGRAM WHEN IT IS FORMULATED IN THE FACE OF AN ECONOMIC FUTURE WHICH SO MANY UNKNOWNNS MAKE INDETERMINATE AND UNCERTAIN.

EFFECTIVELY, ANY REFERENCE TO THE ECONOMIC ACTION PROGRAMS OF THE GOVERNMENT IN FUTURE YEARS CANNOT LOSE SIGHT OF THE UNCERTAINTIES WHICH ENCOMPASS THIS FIRST EXERCISE OF ITS MANDATE. THE YEAR 1974 HAS OPENED A HORIZON OF IMMEDIATE PROBLEMS AND DATA OF A MAGNITUDE SUCH THAT ONLY BY RECOGNITION OF THEM IS IT POSSIBLE TO BEGIN THE DELINEATION OF A REALISTIC ECONOMIC POLICY FOR THE NEXT FIVE YEARS. THE CRISIS IN THE INTERNATIONAL MONETARY SYSTEM GOES ALONG ACCUMULATING DIFFICULTIES FOR EXCHANGES WITHOUT RECEIVING THE CONCERTED REMEDIAL ACTION OF ALL COUNTRIES WHICH ITS GRAVITY DEMANDS; INFLATION HAS REACHED NEW DIMENSIONS BECAUSE OF ITS INTENSITY, ITS EXTENSION AND THE COMPLEX VARIETY OF CAUSES WHICH ORIGINATE OR ACCENTUATE IT; THE RAW MATERIALS WHICH MOURISH INDUSTRIAL CIVILIZATION HAVE BEGUN A PERIOD OF SHORTAGES WHICH CREATE SCARCITIES IN SUCH PROPORTIONS AND DISTURB THE CONTINUITY AND VIABILITY OF ENTIRE LINES OF PRODUCTION; THE ANGUISHING ENERGY SITUATION WITH WHICH THE YEAR HAS BEGUN, PROCLAIM MORE ALARMINGLY THAN ANY OTHER INDICATOR, THE SEVERE CRISIS WHICH MAY EFFECT THE NATIONAL ECONOMY IN THIS YEAR. THESE ARE PROBLEMS FROM WHOSE PRESENCE NO COUNTRY CAN WITHDRAW ITS NATIONAL ECONOMY AND THE RECOGNITION OF WHICH MUST BE A KEY CONSIDERATION OF ANY PROGRAM OF A GOVERNMENT ASPIRING TO BE REALISTIC.

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IT IS TRUE THAT THESE DIFFICULTIES, IN THE CASE OF SPAIN, DO NOT ASSAULT A WEAKENED ECONOMY NOR SURPRISE OUR ECONOMIC POLICY. IN THIS RESPECT THE SPANISH ECONOMY COUNTS WITH A GOOD POINT OF DEPARTURE. ALTHOUGH THE DIFFICULTIES ARE IMPORTANT, IT IS NO LESS TRUE THAT THEY ARE SURMOUNTABLE BECAUSE THE MEANS ARE AVAILABLE TO RESOLVE THEM SUCCESSFULLY. THE POLICY WHICH SHOULD BE APPLIED IS PREPARED AND THE

EXTERNAL RESOURCES REQUIRED ARE AVAILABLE. IN THIS BASE ITS TECHNICAL CONTENT WILL BE ARTICULATED AND THE GOVERNMENT WILL APPORTION ITS INEVITABLE COST WITH DUE JUSTICE, TO MAKE IT SOCIALLY ACCEPTABLE, MAKING EVERY EFFORT TO AVOID ANY SPECULATIVE BEHAVIOR OR THE OBTAINING OF PRIVATE ADVANTAGES. WE WILL NOT TOLERATE PROFITEERING ON THE PART OF UNSCRUPULOUS GROUPS OR INTERESTS DURING A DIFFICULT YEAR WHEN A GENERAL EFFORT IS REQUIRED OF EVERYONE.

THE PROJECTION OF THIS OVERALL CONCEPT OF OUR ECONOMIC POLICY AMONG THE LARGER SECTORS OF THE ECONOMY'S ACTIVITY PRESUPPOSES IN THE AGRICULTURAL SECTOR, THE NECESSITY OF SUPPORTING THE EFFORT TO REACH A LARGER SUPPLY OF FOOD AND AGRICULTURAL RAW MATERIALS. IN BUILDING A COMPETITIVE AGRICULTURE WITH EVER INCREASING PRODUCTION WE WILL NEVER LOSE SIGHT OF THE ULTIMATE FUNDAMENTAL OBJECTIVE; MAN, IN THIS CASE THE FARMER, WHO MUST NO LONGER BE THE POOR RELATION IN A NEWLY RICH FAMILY.

IN THE FIELD OF INDUSTRIAL POLICY, THE FORMULATION OF A PLAN FOR THE ENERGY SECTOR, THE LONG RANGE PROVISION FOR RAW MATERIALS, THE ENCOURAGEMENT OF THE DEVELOPMENT OF THE ADVANCED TECHNOLOGY SECTORS, THE PROPER HANDLING OF THE RELATIONS BETWEEN INDUSTRY AND THE ENVIRONMENT, AND THE CONTRIBUTION OF REGIONAL DEVELOPMENT AND FOREIGN INVESTMENT ARE THE MOST RELEVANT PROBLEMS.

TO ASSURE FOR THE FUTURE THE PRESENT EASED SITUATION WHICH ALLOWS US TO FACE THE PROBABLE DEFICIT WITH WHICH OUR BALANCE OF PAYMENTS WILL BE CLOSED AT THE END OF THE YEAR, DUE TO THE CONSIDERABLE INCREASE IN THE PRICE OF CRUDE OIL, WE BELIEVE IT NECESSARY TO POINT OUT OUR OBJECTIVE OF DIMINISHING THIS DEFICIT AS MUCH AS POSSIBLE WITHOUT HAVING TO TAKE MEASURES

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WHICH WOULD ARTIFICIALLY RESTRICT IMPORTS. FOR THIS REASON, ALTHOUGH IT HAS ALWAYS BEEN NECESSARY, IT IS ESPECIALLY NECESSARY NOW THAT THE EFFORTS OF THE PRIVATE SECTOR AS WELL AS THE RESOURCES AND MEANS WITHIN THE GOVERNMENT BE DEVOTED WITH GREATER INTENSITY TO THE WIDENING OF OUR PRESENCE IN FOREIGN MARKETS.

ON THE DOMESTIC MARKET THE PRIORITY OBJECTIVES ARE TO ENSURE A SUFFICIENT SUPPLY OF PRIMARY PRODUCTS AND TO MAINTAIN A CHECK ON PRICES, AND TO COMBAT FRAUDS IN QUALITY. THE GOVERNMENT, WITHOUT REDUCING ITS UNAVOIDABLE RESPONSIBILITIES AND INTENT ON STRENGTHENING SERVICES AND ORGANIC AND JURIDICAL MEANS NOW PROPERLY DIRECTED TO THESE ENDS, CALLS FOR THE COLLABORATION OF THE ENTIRE SOCIETY - OF THE CONSUMERS' ASSOCIATIONS, AND THE HOUSE WIVES, WHO ARE AWARE THAT WITHOUT THAT COLLABORATION

THE MOST AMBITIOUS PROJECTS WOULD BE IN VAIN.

IN CALLING FOR THIS COLLABORATION WE ARE VERY AWARE AT THIS
TIME OF THE SPIRIT OF STRUGGLE AND THE SENSE OF RESPONSIBILITY
ON THE PART OF SPANISH BUSINESSMEN, WHO HAVE THE UNAVOIDABLE
TASK OF THE ORDERED DEVELOPMENT OF THE COUNTRY.
RIVERO

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